

**Amendments to the Specification:**

Please replace the paragraph starting on p. 1, lines 5-10 with the following amended paragraph:

When a buyer purchases goods from a seller, the buyer generally acknowledges receipt of the goods and then begins the process to pay the seller. The process may include awaiting an invoice from the seller, checking the invoice against goods received, sending the invoice to an accounts payable department, and then sending a check from the buyer's account on a payment date usually delayed significantly from the date of performance. This delay creates an obvious financial disadvantage for the seller.

Please replace the paragraph starting on p. 5 line 16 to p. 6 line 2 with the following amended paragraph:

If the seller ~~44~~12 would rather have immediate access to liquidity, then the transaction agent 16 calls on the capital pool 20 to provide the liquidity to the seller 12. The capital pool 20 provides the liquidity for the transaction agent 16 to pay the seller ~~44~~12, and thus the capital pool 20 purchases the CPN or an interest in the CPN. If the CPN is completely purchased by the capital pool 20, then the transaction agent 16 can retain custody of the CPN under an agency agreement with the transaction agent 16. The amount paid to the seller may be a portion of the total amount of the CPN or may be the entire portion of the CPN, depending on the agreement between the capital pool 20 and the seller 12. A portion of the CPN may be withheld as a holdback until the maturity date, and a finance fee may also reduce the payment amount. The transaction agent 16 can then deposit the payment amount into an account of the seller 12.

Please replace the paragraph starting on p. 6 lines 3-7 with the following amended paragraph:

Accordingly, the transaction agent 16 knows the identity of the banking institutions ~~20~~ for both the buyer 14 and the seller 12, and the appropriate account information for both of these participants. The transaction agent 16 presents the bank draft to the bank of the buyer 14 for collection. Following collection, the

transaction agent 16 can then distribute the money to the seller 12, or to the interest holders of the CPN such as the capital pool.

Please replace the paragraph starting on p. 6 line 20 to p. 7 line 6 with the following amended paragraph:

Turning now to Fig. 2, a flowchart showing steps of the preferred method of the present invention is shown leading up to the liquidation of a CPN will be described in further detail with reference to the system of Fig. 1. The method begins in step 30. The buyer 14 enrolls with the transaction agent 16 in step 32. The transaction agent 16 then receives a list of sellers from the buyer 14 in step 34. In step 36, the transaction agent 16 retrieves enrollment information for each of the sellers 12 on the list of sellers and enrolls the sellers with the transaction agent 16. The transaction agent 16 receives a notification from a buyer 16 and certifies that transaction in step 38. The transaction agent 16 then liquidates a part or all of the CPN according to the instructions of the seller 12 in step 48 and issues payment to the account of the seller 12. In step 52, the transaction agent 16 collects on the bank draft and disburses the funds according to the interest holders of the CPN. The method ends in step 54.

Please replace the paragraph starting on p. 7 lines 7-12 with the following amended paragraph:

The setup steps ~~30-36~~30, 32, 34, 36 include general information that is exchanged between the transaction agent 16 and the buyers 14 and sellers 12. The general information includes routing numbers for accounts, name and address of the business, and documentation for agency appointments between the buyer 14 and the transaction agent 16, and the seller 12 and the transaction agent 16. The setup steps ~~30-36~~30, 32, 34, 36 initiate the relationships between the participants so that future trades may be settled by the transaction agent 16.

Please replace the paragraph starting on p. 8 line 15 to p. 9 line 4 with the following amended paragraph:

Fig. 3 is a schematic diagram of the transaction agent 16 of Fig. 1 and will be described in further detail with regard to the system of Fig. 1. The transaction

agent 16 includes a PN and notification module 70, a bank draft module 72, a liquidity module 74, a collection module 76, and storage 78. The PN and notification module 70 communicates with the buyer 14 to receive the PN and the notification, and then certify these documents. The bank draft module 72 receives a bank draft from the buyer 14, verifies the draft amount, and cashes the bank draft when the maturity date arrives. Once the trade is settled, then liquidity for the seller is provided through the liquidity module 74. The liquidity module 74 communicates with the seller 12 to determine the actions the seller 12 wants the transaction agent 16 to proceed to liquidate the CPN. The liquidity module also tracks the title of the CPN so that if the CPN is sold, the liquidity module 74 can update the title information. Similarly, the liquidity module 74 may also track interests in the CPN. Once the maturity date arrives, the collection module 76 communicates with the bank draft module 72 to secure the money from the account of the buyer 14 and distribute the money to the interest holders of the CPN.

Please replace the paragraphs starting on p. 10 lines 4-16 and 17-23 with the following amended paragraphs:

The collection module 76 includes a draft module 100, a calling module 102, a holdback module 104, and a distribution module 106. The draft module 100 notifies the bank draft module 72 when the maturity date arrives. The calling module 102 calls upon the capital pool 20 to provide liquidity to the ~~system~~ transaction agent 16, who can then forward the liquidity to the seller 12. The distribution module 106 retrieves the bank draft from the storage 78, and receives the money from the bank draft module 72 when the draft is cashed. Once the money is received, then the distribution module 106 distributes the money to the interest holders of the CPN. The interest holders may be participants in the capital pool 20 or other investors who have otherwise purchased a part of the CPN. If a holdback was kept from the seller 12, then the holdback module 104 forwards the holdback to the liquidity module 74 when the money from the draft is received. The liquidity module 74 subsequently forwards the holdback to the seller 12.

Once the money is collected and distributed the PN can be returned to the buyer 14 through the bank draft module 72.

The bank draft module 72 includes a receiving module 110, a verification module 112, and a transmitting module 114. The receiving module 110 receives from the buyer 14 a bank draft as future payment for the PN. The verification module 112 determines if the amount of the bank draft matches the amount of the CPNs that will mature on the date that the draft is issued for. If the amount is different, then the ~~delivery~~-transmitting module 114 reports the error to the buyer 14. When the maturity date arrives, then the bank draft module 72 functions to collect the money for the draft.

Please replace the paragraph starting on p. 11 lines 1-8 with the following amended paragraph:

The bank draft module 72 calls upon the buyer 14 on the maturity date to collect the money. The transmitting module 114 transmits the bank draft to the buyer's bank. The receiving module 110 receives the money from the buyer's bank. The verification module 112 determines if the money received represents the amount of the bank draft. Once the amount is verified, then the money is passed to the collection module 76 which distributes the money to the interest holders of the CPN. Once the obligations of the buyer 14 to the interest holders is satisfied, then the ~~delivery~~-transmitting module 114 of the bank draft module 72 can return the PN to the buyer 14 so that the buyer 14 can retain proof that his obligations have been satisfied.

Please replace the paragraph starting on p. 11 lines 13-22 with the following amended paragraph:

Fig. 4 is a schematic diagram of information that is transferred between parts of Fig. 1. This information is passed from the parts during contract inception and the certification process of the system. The information includes a contract 150, a PN and a notification generally indicated together at 152-151, a bank draft 154, an error statement 156, a bank draft correction 158, and a certification 160. The contract 150 is formed between the seller 12 and the buyer 14. The PN and ~~certification 152~~-notification 151, the bank draft 154, and the bank draft correction

158 are sent from the buyer 14 to the transaction agent 16. The error statement 156 is sent from the transaction agent 16 to the buyer 14, and the certification is sent from the transaction agent 16 to the seller 12. Each of these communications is responsive to information that is needed by the receiving party in order to complete the transaction.

Please replace the paragraphs starting on p. 12 lines 1-6 and 7-16 with the following amended paragraphs:

The contract 150 is formed between the seller 12 and the buyer 14. The contract 150 may include terms and conditions that are agreed to by both the buyer 14 and seller 12. The terms and conditions of the contract 150 may also include an extended payment period for the buyer 14. The extended payment period can be offered because the issuance of the PN-~~152~~ allows the seller 12 to choose to receive liquidity on or about the date of performance of the contract 150, and thus make the payment term less critical to the seller 12.

The PN-~~152~~ is a negotiable instrument that is transmitted from the buyer 14 to the transaction agent 16 once the consideration has been received from the seller 12. The PN and the notification-~~152~~ 151 may be sent individually to the transaction agent 16. The PN-~~152~~ is a promise to pay the value of the PN in settlement of the trade established by the contract 150, and further includes the names of the issuer (the buyer 14) and the holder (the seller 12). The PN-~~152~~ is uniquely identified so that if the notification-~~152~~ is sent separately, the notification ~~152~~ may use such identification to match the documents thereby authenticating these documents. The notification-~~152~~ may include such information as receiving documents, quantity, and any commodity taxes due on the consideration. While the PN-~~152~~ is a promise to pay, the bank draft 154 is an order to pay.

Please replace the paragraphs starting on p. 13 lines 3-6, 7-14, 15-20 and p. 13 line 21 to p.14 line 3 with the following amended paragraphs:

When the PN and the notification 151 are received by the transaction agent 16, the transaction agent 16 generates the certification 160 that is sent to the

seller 12. The certification is the CPN and can include a copy of the PN and the notification-152 151 so that the seller 12 can update his records.

Fig. 5 is a flowchart of the certification step of Fig. 2 and will be described in detail with reference to Figs. 1 and 3. The method starts in step 200. The contract 150 is formed in step 202 between the buyer 14 and the seller 12. Consideration is delivered in step 204 from the seller 12 to the buyer 14. The buyer 14 then issues a PN and/or the notification-152 in step 206. The PN and/or the notification-152 is received in the receiving module 80-~~of~~ located in the transaction agent 16 of Fig. 3. The receiving module 80 stores the PN and/or the notification-152 in storage 78 in step 208. Step 210 determines whether the stored PN-152 matches any of the stored notifications. If the PN-152 does not match, then the method waits for another PN and/or the notification-152 in step 206.

If the stored PN-152 does match, then the verification module 82 verifies the PN and sends the CPN to the certification module 84 in step 212. The certification module 84 notifies the seller 12 that the PN has been-~~verified~~ certified in step 214. The buyer 14 sends a bank draft-154 to the draft receiving module 110 of the transaction agent 16 in step 216. The bank draft-154 may be received at the same time as the PN-152, or may be delivered at some time up to the maturity date of the CPN. The draft receiving module 110 then stores the bank draft-154 in storage 78 in step 218, for example storage 78 of Fig. 3.

Step 220 determines whether the bank draft-154 matches the CPN total for the maturity date. If the total does not match the CPN total, then the draft verification module 112 notifies the buyer 14 in the step 222 that the totals do not match. The buyer 14 then issues a bank draft correction in step 224 that is received by the draft receiving module 110. The verification module 112 then checks the totals again in step 220, and if the totals match, then the method ends in step 226.

Please replace the paragraphs starting on p. 14 lines 4-8 and 9-19 with the following amended paragraphs:

The buyer 14 may have issued many PNs~~152~~ that mature on the same date. The buyer 14 may then produce a single bank draft~~154~~ for all such PNs~~152~~ that mature on the same day. In this manner, the buyer 14 may minimize any transactions fees imposed by its bank by settling many trades with the draft~~154~~. Although the bank draft~~154~~ facilitates the collection step, the transaction agent 16 does not have to receive the bank draft before liquidating the CPN 152.

Fig. 6 is a schematic diagram of information that is transferred between parts of Fig. 1 during the liquidation step of Fig. 2. The information includes a notice to sell 240, a notice of custodian for the CPN 242, money less holdback and fees 244, a holdback certificate 246, and a title and interest transfer notification 248. The seller 12 sends the notice to sell 240 to the transaction agent 16. The transaction agent 16 sends the capital pool 20 the notice of custodian for the CPN 242. The capital pool purchases or acquires an interest in the CPN~~152~~ from the seller facilitated by the transaction agent 16 and returns money less holdback and fees 244 and the holdback certificate 246 to the transaction agent 16 which acts on behalf of the seller 12. The money less holdback and fees 244 are then forwarded to the seller 12 from the transaction agent 16, which, if required, then notifies the buyer 14 that the title has been transferred in the title transfer notification 248.

Please replace the paragraphs starting on p. 15 lines 4-11, 12-18 and 19-23 with the following amended paragraphs:

Fig. 7 is a flowchart of the liquidation step of Fig. 2 and will be described in detail with reference to Figs. 1, 3 and 6. The method begins in step 260. The seller 12 sends a notification to sell an interest in the CPN~~152~~ to the liquidity receiving module 90 in step 262. The liquidity receiving module 90 stores the sell order 240 in storage 78 in step 264. Once the sell order 240 is received then the CPN notification module 92, if required, sends the notice of custodian 242 to the capital pool 20 in step 266. The disbursement receiving module 94 receives money from the capital pool 20 for the CPN~~152~~ in step 268. The amount of

money paid by the capital pool 20 to the seller is net of the fees charged by the capital pool and also less any holdback.

The hold-back is received and stored at step 270 in storage 78 by the holdback receiving module 98. The disbursement module 94 then forwards the money less fees and holdback 244 to the seller 12, thus liquidating the CPN-~~152~~, in step 272. After the CPN-~~152~~ is liquidated, and, if required, the title of the CPN is transferred from the seller 12 to the capital pool 20 in step 274 by the title and interest transfer module 96, the CPN is ~~the~~then replaced in storage 78. The title transfer module 96 then sends a notification of title transfer 248 to both the buyer 14 and capital pool 20 in step 276, if required. The method ends in step 278.

The process of liquidation provides the seller 12 with a means of collecting all or a portion of a claim against a buyer 14 on or about the date of seller's performance. This enhanced liquidity allows the seller 12 to benefit financially. Also, because his cost for extending terms to a buyer 14 is diminished, the seller 12 may extend those terms to the buyer 14. Thus the buyer 14 can use additional time to generate the revenue to pay the obligation under the PN-~~152~~.

Please replace the paragraphs starting on p. 16 lines 1-7, 8-19 and p. 16 line 20 to p. 17 line 4 with the following amended paragraphs:

The liquidation process is facilitated by the PN-~~152~~. The PN-~~152~~ is a promise made by the buyer 14 to pay the amount stated. The seller 12 is not forced to find a source of funding based on his receivables account, but can instead use the CPN as a source of liquidity. The buyer 14 is obligated to pay pursuant to the PN-~~152~~, regardless of any claims of merchantability, express or implied warranties, or any change in business status of the seller 12. The system therefore enables the capital pool 20 to purchase the CPN primarily based on the financial strength of the buyer 14, and only to a limited extent on the financial strength of the seller 12.

For example, a small farmer (seller 12) regularly sells produce to a large supermarket chain (buyer 14). The chain can issue a PN-~~152~~ to the farmer which



the farmer can then sell in the form of an interest in the CPN to the capital pool 20. The capital pool 20 does not have to risk business fluctuations that may effect the small farmer, but instead bases its decision to purchase the CPN ~~is~~-based primarily on the strength of the supermarket chain. Thus, the system has transformed the financing of the trade from a loan on accounts receivable of a small farmer to a purchase of an interest in a certified negotiable instrument issued by a credit-worthy supermarket chain. The capital pool 20 can provide liquidity over and above the amount provided by conventional alternatives because the capital pool 20 will derive its security based primarily upon the future performance by the buyer of its obligations under the PN-152. The buyer 14 receives the extended terms for the trade and is able to generate the required revenue to pay for the PN-152.

Fig. 8 is a schematic diagram of information that is transferred between parts of Fig. 1 during the collection step of Fig. 2 and will be discussed with respect to these figures. The information includes interest holders 290 of the CPN, the bank draft 154, the money 293 from the buyer's account-292, and the PN 152. The transaction agent 16 sends the bank draft 154 to the buyer's bank who then sends the money 293 to the transaction agent 16. On behalf of the buyer 14, the transaction agent 16 then forwards the money less holdback-290 292 to retire the buyer's obligations due to interest holders 290, and-, on behalf of the capital pool 20, the transaction agent 16 may distribute the holdback 294 to the seller 12. Once the money has been distributed, then the transaction agent 16 may return the PN 152 to the buyer 14.

Please replace the paragraphs starting on p. 17 lines 11-23 with the following amended paragraphs:

Fig. 9 is a flowchart of the collection step of Fig. 2 and will be described in detail with reference to Figs. 1 and 3. The method starts at step 300. The due date arrives in step 302. The bank draft-154 is retrieved from storage 78 and sent to the collection draft module 100 in step 304. The collection draft module 100

sends the bank draft-~~154~~ to the buyer's bank in step 306. The buyer's bank then sends the money-~~292~~ 293 to the bank draft receiving module 72 in step 308. Once the transaction agent 16 has received the money-~~292~~ 293, the distribution module 106 of the collection module 76 distributes the money less holdback 292 to the interest holders 290 in step 310. The holdback is delivered to the seller 12 in step 312 by the holdback module 104 of the transaction agent 16 on behalf of the capital pool 20. Once the money has been disbursed, the PN-~~152~~ is retrieved from storage 78 and sent to the bank draft verification module 112 in step 314. The bank draft certification module 112 certifies that the disbursement has satisfied all obligations of the buyer 14 in step 316, and forwards the certified paid PN-~~152~~ to the bank draft transmitting module 114. The bank draft transmitting module 114 then returns the PN-~~152~~ to the buyer 14 in step 318, and the method ends in step 320.